Message Text

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PAGE 01 BANGKO 03442 141102Z ACTION EB-08

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E.O. 11652: NA TAGS: EAIR, TH

SUBJ: CIVAIR: THAI INTERNATIONAL'S PLANS

REF: (A) STATE 29605; (B) BANGKOK 2812

1. EMBOFF ON FEB. 11 REVIEWED USG-RTG CIVIL AVIATION PICTURE WITH DR. SRISOOK OF MINISTRY OF COMMUNICATIONS AND THAI INTERNATIONAL AIRWAYS (TIA) EXECS FOR PLANNING AND INTER-NATIONAL RELATIONS. FOLLOWING POINTS EMERGED: (A) TIA HAS NOT YET MADE DEFINITE DECISION TO OPEN SERVICE TO U.S. PROBLEM IS COMPLICATED BY FACT THAT IN ADDITION TO ORDERS FOR TWO DC-10'S AND THREE 737'S, TIA HAS DECIDED TO PURCHASE TWO, AND PERHAPS THREE, AIRBUS B-400'S FOR REGIONAL SERVICES; INITIATION OF QLERVICE TO HONOLULU WOULD REQUIRE PURCHASE OF TWO ADDITIONAL DC-10'S OR BOEING B-747'S, WHICH MIGHT STRETCH TIA'S FINANCES TOO THIN. ADDED FINANCIAL FACTOR IS THAT TIA IS STILL SEEKING TO DISPOSE OF DC-8'S BEING REPLACED BY DC-10'S AND AIRBUSES. (B) TIA HAS NO INTENTION OF SEEKING GATEWAY AT SAN FRAN-CISCO IN LIEU OF LOS ANGELES OR OF PROCEEDING BEYOND HONOLULU TO LOS ANGELES. PLANNERS HAVE CONSIDERED OPENING NON-STOP SERVICE TOKYO-LOS ANGELES BUT ARE NOT CERTAIN DC-10 SUITABLE FOR ROUTE. LIMITED OFFICIAL USE

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PAGE 02 BANGKO 03442 141102Z

(C) IF DECISION IS MADE TO OPEN ROUTE TO HONOLULU, MAIDEN FLIGHT PROBABLY WOULD NOT BE SCHEDULED BEFORE SEPT, WITH DAILY, OR MORE LIKELY, FIVE TIMES WEEKLY SERVICE. (D) TIA EXECS BELIEVE RTG DESIGNATED TIA FOR SERVICE TO U.S. IN 1966. EMBOFF SAID EMBASSY HAS NO RECORD OF THIS DESIGNATIONAND URGED THAT MATTER BE REVIEWED WITH MINISTRY OF FOREIGN AFFAIRS. IN ACCORDANCE REF. A, EMBOFF

ALSO SUGGESTED THAT TIA RETAIN WASHINGTON LAWYER AND APPLY FOR FOREIGN AIR CARRIER PERMIT ASAP.

- (E) TIA EXECS STRESSED THAT PRIMARY INTEREST NOW IS TO CONSOLIDATE AND EXPAND SLOWLY REGIONAL SERVICES TO AUSTRALIA AND JAPAN, WHICH NO LONGER THREATENED BY AIR SIAM. THEY POINTED TO GRADUALIST POLICY WHICH IS TIA HALLMARK AS REASON THAT TIA, WITH 5,000 EMPLOYEES AND \$160 MILLION IN ANNUAL REVENUES, HAS TURNED PROFIT, ALBEIT SOMETIMES SMALL ONE, IN EACH OF LAST -5 YEARS.
- (F) TIA HAS ONCE AGAIN APPLIED FOR MEMBERSHIP IN IATA CLEARING HOUSE, BUT NOT FOR FULL IATA PARTICIPATION. (SIMILAR APPLICATION WAS BLACKBALLED BY IATA MEMBER AIR SIAM IN 1976.)
- (G) TIA EXECS SAID THEY FEAR MANNER IN WHICH AIR SIAM COLLAPSED, LEAVING PASSENGERS STRANDED, WILL LEAVE BAD TASTE IN MOUTHS OF U.S. TRAVELLING PUBLIC REGARDING ALL THAI AIRLINES. EMBOFF SUGGESTED TIA MIGHT WISH TO TAKE POSITIVE STEPS TO OVERCOME POOR IMAGE, SUCH AS ASSISTANCE IN SETTLING AIR SIAM'S DEBTS DUE U.S. FIRMS. RESPONSE WAS LESS THAN EVAGELICAL. EMBOFF ALSO SUGGESTED THAT TIA URGE RTG TO RATIFY HAGUE AND MONTREAL TERRORISM CON-CENTIONS AND TO IMPROVE BANGKOK AIRPORT SECURITY. DR. SRISOOK AND TIA EXECS PROVED RECEPITIVE, AND WE WILL FOLLOW UP WITH THEM. EMBOFF IMPLIED, BUT DID NOT SAY, THAT RATIFICATION OF TREATIES BY RTG MIGHT HELP SPEED PROCES-SING OF TIA'S APPLICATION FOR FOREIGN AIR CARRIER PERMIT. (COMMENT: IS IT FEASIBLE TO MAKE RATIFICATION OF TERROR-ISM TREATIES BY APPLICANT'S GOVERNMENT A CONDITION FOR ISSUANCE OF PERMITS?) LIMITED OFFICIAL USE

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PAGE 03 BANGKO 03442 141102Z

(H) DR. SRISOOK ASKED WHAT USG INTENDS TO DO ABOUT AIR SIAM'S OPERATING PERMIT. EMBOFF CONFESSED TO UNCERTAINTY, BUT URGED THAT MINISTRY OF FOREIGN AFFAIRS INFORM EMBASSY OFFICIALLY OF PRECISE STANDING, OR LACK THEREOF, OF AIR SIAM UNDER RTG LAW. DR. SRISOOK AGREED TO DO SO; HE ADDED THAT FORMER AIR SIAM MANAGING DIRECTOR VIRACHAI VANNUKUN SKIPPED COUNTRY WITH LARGE SUM OF MONEY AFTER CASHING CHECK WHICH BOUNCED.

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